



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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**WILLIAM T FUJIOKA**  
Chief Executive Officer

November 26, 2012

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## **REPORT ON PROPOSED BOND FINANCING FOR FUTURE CAPITAL PROJECTS AND COUNTY BOND CAPACITY (ITEMS NO. 11, 20, AND 21, AGENDA OF NOVEMBER 20, 2012; ITEM NO. 29, AGENDA OF NOVEMBER 27, 2012)**

On November 20, 2012, your Board requested a schedule of projects that would require bond financing in the next two years, a budgetary forecast that reflects projected debt service payments on proposed and future projects, and an updated schedule on the County's bond capacity. In response to your request, my office, in collaboration with the Treasurer and Tax Collector, has prepared the attached Debt Service Projection (Projection) for the General Fund, Hospital Enterprise Fund, and Fire Protection District.

The attached Projection provides a 10 year schedule of current debt service payments, estimated debt service payments on projects for which the Board has previously authorized future bond financing and those the Board will consider in the next two years. The projection also calculates the ratio of projected annual debt service payments to the Final Adopted 2012-13 County Budget and each year thereafter, assuming annual increases of 1.0 percent and 2.0 percent.

Based on the attached Projection, the proposed and future bond financing levels are well within the County's bond capacity and will have a minimal impact on the County's budgetary forecast.

*"To Enrich Lives Through Effective And Caring Service"*

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## **Bonding Capacity and Budgetary Forecast**

As reflected in the attached Projection, bond financing all currently estimated project costs, would result in the issuance of approximately \$6.4 billion in future bonds and increase annual debt service costs to \$301.2 million in 2022-23. At that level, the ratio of the debt service payment to the presumed amount of the Final Adopted Budget in that year (Debt Ratio) would be 1.41 percent if an annual increase in the budget of 1.0 percent is assumed or 1.28 percent if the budget increased 2.0 percent per year. Both ratios are well within the 2.0 percent Debt Ratio the County traditionally views as a maximum debt guideline. Within the maximum 2.0 percent Debt Ratio, the County could increase its annual debt service payment to \$427.3 million in 2022-23, which equates to approximately \$3.0 billion in additional debt.

In terms of the budgetary forecast, we are preliminarily projecting an ongoing budgetary shortfall of \$150.4 million in 2013-14. A surplus of \$164.9 million, however, is forecast for 2015-16, which is expected to decline to \$157.1 million in 2017-18. The attached Projection reflects an increase in annual debt service costs of \$15.6 million, commencing in 2016-17, at which time adequate resources are anticipated to be available.

## **Proposed Future Projects**

Approximately \$2.3 billion in potential projects that will require bond financing are currently under development and pending approval by the Board. Such projects include:

- a Data Recovery Center to provide secure redundancy to the Countywide Data Center project;
- rehabilitation of the Music Center's Plaza and Dorothy Chandler Pavilion;
- replacement of the Men's Central Jail with a 3,456 bed detention facility (a reduction from 5,086) to house high-security inmates who are ineligible for alternative programs;
- development of the Rancho Los Amigos south campus to replace and consolidate existing administrative space for various County departments;

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- consolidation of the Rancho Los Amigos north campus to comply with SB 306 seismic requirements for inpatient facilities and address inefficiencies and obsolescence of existing outpatient facilities;
- development of an electronic health record system for the Department of Health Services; and
- replacement of the Fire District's current headquarters which is endangered by deteriorating site conditions.

In addition, a number of projects have been requested or identified as "high priority" by individual Board offices and have been included on the attached Projection. Development of these latter projects has recently been initiated and any information regarding program, cost, or schedule is, at best, preliminary.

My staff will be briefing your budget deputies on Monday, November 26, 2012, at 4:00 p.m. on the attached debt service projection. Your staff may also contact Jan Takata at (213) 974-1360 with any questions.

WTF:RLR  
DJT:mda

Attachment

c: Executive Office, Board of Supervisors  
County Counsel

DEBT SERVICE PROJECTION  
GENERAL FUND, HOSPITAL ENTERPRISE FUND, AND FIRE PROTECTION DISTRICT  
CURRENT AND PROPOSED BOND FINANCED PROJECTS

CURRENT DEBT SERVICE: 11/01/12

Project Cost	Outstanding Principal 12/2012	Annual Debt Service										
			2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22

I. Projects Bond Financed 1991 - 2009

General Fund	Sheiff Training Academy	3,774,814	877,677	875,780	873,487	869,858	868,989	0	0	0	0	0	0
	Disney Parking Garage	76,222,569	16,244,138	16,904,038	17,593,025	18,300,969	19,043,156	19,814,394	20,624,681	21,454,019	22,321,744	23,224,363	24,171,488
	Music Center Improvements	2,780,589	789,000	770,000	763,000	751,000	0	0	0	0	0	0	0
	Sheiff Headquarters	7,015,900	2,498,738	2,498,775	0	0	0	0	0	0	0	0	0
	Emergency Operations Center	5,453,943	1,961,000	1,958,000	1,935,000	0	0	0	0	0	0	0	0
	Lynwood Regional Justice Center	22,565,000	10,390,675	10,395,525	10,280,925	3,136,500	0	0	0	0	0	0	0
	Twin Towers	21,350,000	9,807,225	9,807,275	9,009,000	3,009,000	0	0	0	0	0	0	0
	Berry Nictorf Juvenile Hall	4,233,232	973,000	971,000	960,000	947,000	889,000	0	0	0	0	0	0
	Mira Loma Medium Security Facility		117,650	0	0	0	0	0	0	0	0	0	0
	Pitchess Laundry Expansion		66,500	0	0	0	0	0	0	0	0	0	0
	Pitchess Visitors Center		168,800	0	0	0	0	0	0	0	0	0	0
	Pitchess Recorder Headquarters		864,475	0	0	0	0	0	0	0	0	0	0
	Registrar Recorder Headquarters		286,450	0	0	0	0	0	0	0	0	0	0
	Temple City Sheriff Station												
	Subtotal	143,396,057	45,025,328	44,181,393	43,736,331	27,014,327	20,801,145	19,814,394	20,624,681	21,454,019	22,321,744	23,224,363	24,171,488

Hospital Enterprise Fund	Harpou/UCLA Primary Care & Diagnostic Ctr	4,132,745	1,484,754	1,484,907	1,465,768	0	5,684,932	0	0	0	0	0	0
	MLK: Trauma Center	27,043,745	6,211,313	6,208,619	6,136,200	6,059,461	0	0	0	0	0	0	0
	MLK: Pediatric Trauma	196,823	103,085	102,987	0	0	0	0	0	0	0	0	0
	Rancho: Jacqueline Perry Inpatient Building	158,387,921	4,384,216	4,383,663	4,336,223	4,283,418	0	0	0	0	0	0	0
	Rancho: Parking Structure	5,912,774	1,637,827	1,637,827	1,618,160	1,598,837	0	0	0	0	0	0	0
	Rancho: Site Utilities	1,313,681	687,303	688,139	0	0	0	0	0	0	0	0	0
	LAC+USC Marengo Parking Structure	9,360,484	2,591,340	2,592,333	2,562,376	2,529,417	0	0	0	0	0	0	0
	Subtotal	206,348,173	17,098,046	17,098,475	16,118,727	14,471,133	5,684,932	0	0	0	0	0	0
	Total	349,744,230	62,123,374	61,279,868	59,855,058	41,485,460	26,486,077	19,814,394	20,624,681	21,454,019	22,321,744	23,224,363	24,171,488
	Projects Bond Financed in 2010 and 2012												

II. Projects Bond Financed in 2010 and 2012

General Fund	Coroner Expansion	29,253,150	2,055,748	2,055,748	2,604,939	2,605,014	2,604,291	2,603,359	2,603,399	2,605,538	2,593,911	2,578,590	2,561,863
	Patricio Hall Rehabilitation	47,238,562	3,319,662	3,319,662	4,206,507	4,205,628	4,205,460	4,203,955	4,204,020	4,204,245	4,188,699	4,163,957	4,136,946
	Hall of Justice	243,869,919	7,570,854	7,331,680	11,664,879	11,414,220	11,150,628	10,878,855	10,608,588	10,332,378	9,967,823	9,548,682	9,110,541
	Subtotal	320,361,631	12,946,264	12,707,090	18,476,325	18,225,862	17,960,379	17,696,169	17,416,007	17,140,161	16,760,433	16,291,229	15,809,350

Hospital Enterprise Fund	Olive View ERT/B Unit	54,431,159	3,825,117	3,825,117	4,846,994	4,847,134	4,845,788	4,844,054	4,844,129	4,844,398	4,826,475	4,797,966	4,766,842
	Olive View SB1953	22,423,503	1,575,798	1,575,798	1,996,771	1,996,829	1,995,275	1,995,560	1,995,591	1,995,698	1,988,319	1,976,574	1,963,752
	Harpou/UCLA Surgery/ER	341,091,021	11,984,985	11,984,985	15,186,763	15,186,763	15,182,984	15,177,550	15,177,766	15,178,596	15,122,473	15,033,147	14,935,629
	Harpou/UCLA SB1953	52,597,686	3,696,271	3,696,271	4,683,727	4,683,861	4,682,561	4,680,865	4,680,958	4,681,208	4,663,899	4,636,350	4,606,275
	High Desert MAACC	136,960,000	0	8,392,647	6,525,600	8,958,000	8,860,800	8,869,600	8,862,000	8,862,000	8,861,375	8,858,375	8,857,625
	MLK MAACC	166,725,000	0	10,216,867	7,944,000	10,785,000	10,782,700	10,784,600	10,784,675	10,786,175	10,784,050	10,782,925	10,787,175
	MLK Data Center	5,295,000	0	322,566	334,525	336,450	337,750	338,850	339,225	338,850	338,225	337,350	336,225

Fire Protection District	Subtotal	779,523,369	21,082,171	40,014,241	41,518,380	46,995,037	46,988,858	46,681,099	46,682,964	46,686,915	46,584,816	46,422,687	46,253,523
	Fire Protection District												
	Fire Station 128	4,600,000	0	290,015	291,475	293,750	290,550	292,250	293,300	293,675	293,800	293,675	293,300
	Fire Station 132	7,440,000	0	471,987	474,325	469,850	469,850	469,550	473,225	470,850	473,100	469,975	471,475
	Fire Station 150	11,540,000	0	731,467	732,200	730,450	732,450	734,050	734,125	732,625	730,625	733,000	734,625

Fire Station 156	6,850,000	0	436,436	436,825	432,800	433,100	433,100	433,200	432,450	435,700	433,575	436,075	433,200
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Subtotal	30,430,000	0	1,929,915	1,934,825	1,926,950	1,925,950	1,925,950	1,929,050	1,933,100	1,932,850	1,931,100	1,932,755	1,932,600
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III.

Total Projects Bond Financed in 2010 and 2012													
1,130,315,000													
Total Current Debt Service													
General Fund	463,757,688	57,971,592	56,888,483	62,212,656	45,240,189	38,761,524	37,500,563	38,040,668	38,594,180	39,072,177	39,515,592	39,980,838	40,453,233
Hospital Enterprise Fund	995,871,542	57,112,716	57,637,107	61,166,170	62,373,790	62,373,790	62,373,790	62,373,790	62,373,790	62,373,790	62,373,790	62,373,790	62,373,790
Fire Protection District	30,430,000	0	1,929,915	1,934,825	1,926,950	1,925,950	1,929,050	1,933,100	1,932,850	1,931,100	1,932,755	1,932,600	1,932,600

Total	1,480,059,230	96,151,809	115,931,114	121,764,588	108,333,309	93,061,264	86,110,712	86,656,652	87,213,945	87,588,093	87,871,004	88,166,961	88,460,831
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III. Pending Board Approval: Board Requested Projects

III. Pending Board Approval: Board Requested Projects

Project Cost	Bond Size	Annual Dbt Svc.											
			2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
General Fund													
a. John Anson Ford Theater Master Plan	TBD	0	0	0	0	0	0	0	0	0	0	0	0
b. East Los Angeles Sheriff Station	45,000,000	53,100,000	0	0	0	3,035,244	3,035,244	3,035,244	3,035,244	3,035,244	3,035,244	3,035,244	3,035,244
c. LAC+USC Med Ctr. 150 Bed Inpatient Annex	TBD	0	0	0	0	0	0	0	0	0	0	0	0
d. DPW Alcazar Yard Relocation	210,000,000	247,800,000				14,164,474	14,164,474	14,164,474	14,164,474	14,164,474	14,164,474	14,164,474	14,164,474
Subtotal General Fund	255,000,000	300,900,000		0	0	3,035,244	17,199,718	17,199,718	17,199,718	17,199,718	17,199,718	17,199,718	17,199,718
Hospital Enterprise Fund													
c. MLK Master Plan	TBD	0	0	0	0	0	0	0	0	0	0	0	0
d. LAC+USC Master Plan	TBD	0	0	0	0	0	0	0	0	0	0	0	0
e. Harbor/UCLA Master Plan	1,513,000,000	1,785,340,000		0	0	1,214,098	4,923,841	4,923,841	29,543,045	29,543,045	29,543,045	29,543,045	29,543,045
Subtotal Hospital Enterprise Fund	1,513,000,000	1,785,340,000		0	0	1,214,098	4,923,841	4,923,841	29,543,045	29,543,045	29,543,045	29,543,045	29,543,045
Total Pending Board Requested Projects	1,768,000,000	2,086,240,000	0	0	0	4,249,342	22,123,559	22,123,559	46,742,763	46,742,763	46,742,763	46,742,763	46,742,763

TOTAL COMBINED DEBT SERVICE ON CURRENT AND BOARD APPROVED FUTURE PROJECTS

General Fund	340,289,332	865,275,500	22,951,124	57,971,592	56,888,483	62,212,656	44,433,817	53,376,539	52,186,291	52,815,063	53,464,710	52,940,116	53,493,800	54,076,159
Hospital Enterprise Fund	237,000,000	1,265,531,542	15,985,620	38,180,217	57,112,716	57,637,107	61,166,170	52,373,790	46,681,099	46,682,864	46,686,915	46,584,816	46,422,687	46,253,523
Fire Protection District	15,000,000	48,130,000	1,011,748	0	1,929,915	2,946,573	2,938,698	2,937,598	2,940,798	2,944,848	2,944,598	2,942,848	2,944,473	2,944,348

TOTAL 592,289,332 2,178,937,042 39,948,493

DEBT RATIO SUMMARY

Final Adopted Budget (Actual 2012-13 with 1% annual growth thereafter)	19,342,934,000	19,536,363,340	19,731,726,973	19,929,044,243	20,128,334,686	20,329,618,032	20,532,914,213	20,738,243,355	20,945,625,788	21,155,082,046	21,366,632,867			
Debt Service Payment / Final Adopted Budget Ratio	0.50%	0.59%	0.62%	0.54%	0.54%	0.50%	0.50%	0.50%	0.49%	0.48%	0.48%			
Final Adopted Budget (Actual 2012-13 with 2% annual growth thereafter)	19,342,934,000	19,729,792,680	20,124,388,534	20,526,876,304	20,937,413,830	21,356,162,107	21,783,285,349	22,218,951,056	22,663,330,077	23,116,596,679	23,578,928,612			
Debt Service Payment / Final Adopted Budget Ratio	0.50%	0.59%	0.61%	0.53%	0.52%	0.48%	0.47%	0.46%	0.45%	0.44%	0.44%			

TOTAL COMBINED DEBT SERVICE ON: 1) CURRENT; 2) BOARD APPROVED FUTURE PROJECTS; AND 3) PROJECTS PENDING BOARD APPROVAL

General Fund	2,649,294,596	3,589,925,311	178,694,591	57,971,592	56,888,483	62,212,656	46,794,563	73,544,152	72,353,804	102,465,193	132,807,286	131,612,656	131,481,122	131,362,733
Hospital Enterprise Fund	1,002,500,000	2,168,821,542	43,269,095	38,180,217	57,112,716	57,637,107	61,166,170	52,373,790	46,681,099	105,795,841	112,943,128	116,682,563	120,307,183	120,138,019
Fire Protection District	15,000,000	48,130,000	1,011,748	0	1,929,915	2,946,573	2,938,698	2,937,598	2,940,798	2,944,848	2,944,598	2,942,848	2,944,473	2,944,348

TOTAL 3,666,794,596 5,806,876,853 222,975,434

DEBT RATIO SUMMARY

Final Adopted Budget (Actual 2012-13 with 1% annual growth thereafter)	19,342,934,000	19,536,363,340	19,731,726,973	19,929,044,243	20,128,334,686	20,329,618,032	20,532,914,213	20,738,243,355	20,945,625,788	21,155,082,046	21,366,632,867			
Debt Service Payment / Final Adopted Budget Ratio	0.50%	0.59%	0.62%	0.56%	0.54%	0.50%	1.03%	1.20%	1.20%	1.20%	1.19%			
Final Adopted Budget (Actual 2012-13 with 2% annual growth thereafter)	19,342,934,000	19,729,792,680	20,124,388,534	20,526,876,304	20,937,413,830	21,356,162,107	21,783,285,349	22,218,951,056	22,663,330,077	23,116,596,679	23,578,928,612			
Debt Service Payment / Final Adopted Budget Ratio	0.50%	0.59%	0.61%	0.54%	0.52%	0.57%	0.97%	1.12%	1.11%	1.10%	1.08%			

TOTAL COMBINED DEBT SERVICE ON: 1) CURRENT; 2) BOARD APPROVED FUTURE PROJECTS; 3) PROJECTS PENDING BOARD APPROVAL; AND 4) BOARD REQUESTED PROJECTS

General Fund	2,904,294,596	3,890,825,311	195,894,309	57,971,592	56,888,483	62,212,656	49,829,807	90,743,870	89,553,522	119,564,911	150,007,004	148,812,374	148,680,841	148,562,451
Hospital Enterprise Fund	2,515,500,000	3,954,161,542	145,320,577	38,180,217	57,112,716	57,637,107	62,380,268	57,297,631	51,604,940	135,338,886	142,466,173	146,225,608	149,850,228	149,681,064
Fire Protection District	15,000,000	48,130,000	1,011,748	0	1,929,915	2,946,573	2,938,698	2,937,688	2,940,798	2,944,848	2,944,598	2,942,848	2,944,473	2,944,348

TOTAL 5,434,794,596 7,893,116,853 342,226,814

DEBT RATIO SUMMARY

Final Adopted Budget (Actual 2012-13 with 1% annual growth thereafter)	19,342,934,000	19,536,363,340	19,731,726,973	19,929,044,243	20,128,334,686	20,329,618,032	20,532,914,213	20,738,243,355	20,945,625,788	21,155,082,046	21,366,632,867			
Debt Service Payment / Final Adopted Budget Ratio	0.50%	0.59%	0.62%	0.58%	0.75%	0.71%	1.26%	1.42%	1.42%	1.43%	1.41%			
Final Adopted Budget (Actual 2012-13 with 2% annual growth thereafter)	19,342,934,000	19,729,792,680	20,124,388,534	20,526,876,304	20,937,413,830	21,356,162,107	21,783,285,349	22,218,951,056	22,663,330,077	23,116,596,679	23,578,928,612			
Debt Service Payment / Final Adopted Budget Ratio	0.50%	0.59%	0.61%	0.56%	0.72%	0.67%	1.18%	1.35%	1.31%	1.30%	1.28%			

Debt Svc Pymt / Final Adopted Budget Ratio @ 2.00% (County Debt Guidelines)  
Debt Svc Pymt / Final Adopted Budget Ratio @ 4.00% (Rating Agency Prudent Debt Ratio)

386,858,680	390,727,267	394,534,539	396,580,885	402,566,654	405,582,361	410,658,284	414,764,867	418,912,516	423,101,641	427,332,657				
773,717,360	781,454,534	789,269,079	797,161,770	805,133,387	813,184,721	821,316,569	829,529,734	837,825,032	846,203,282	854,666,315				